

## SENATE BILL NO. 166

INTRODUCED BY D. LEWIS

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD OF INVESTMENTS TO MAKE LOANS TO LOCAL GOVERNMENTS FROM THE MONTANA PERMANENT COAL TAX TRUST FUND FOR THE DEVELOPMENT AND MAINTENANCE OF THE INFRASTRUCTURE NEEDED TO EXPAND RAIL PASSENGER SERVICE; AND AMENDING SECTION 17-6-308, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 17-6-308, MCA, is amended to read:

**"17-6-308. Authorized investments.** (1) Except as provided in subsections (2) through ~~(4)~~ (5) and subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as authorized by rules adopted by the board.

(2) The board may make loans from the permanent coal tax trust fund to the capital reserve account created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The board may agree in connection with the issuance of bonds or notes secured by the account or fund to make the loans. Loans must be on terms and conditions determined by the board and must be repaid from revenue realized from the exercise of the board's powers under 17-5-1501 through 17-5-1518 and 17-5-1521 through 17-5-1529, subject to the prior pledge of the revenue to the bonds and notes.

(3) The board shall manage the seed capital and research and development loan portfolios created by the former Montana board of science and technology development. The board shall establish an appropriate repayment schedule for all outstanding research and development loans made to the university system. The board is the successor in interest to all agreements, contracts, loans, notes, or other instruments entered into by the Montana board of science and technology development as part of the seed capital and research and development loan portfolios, except agreements, contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. The board shall administer the agreements, contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. As loans made by the former Montana board of science and technology development are repaid, the board shall deposit the proceeds or loans made from the coal severance tax trust fund in the coal severance tax permanent fund until all investments are paid back with 7%

1 interest.

2 (4) The board shall allow the Montana facility finance authority to administer \$15 million of the permanent  
3 coal tax trust fund for capital projects. Until the authority makes a loan pursuant to the provisions of Title 90,  
4 chapter 7, the funds under its administration must be invested by the board pursuant to the provisions of  
5 17-6-201. As loans for capital projects made pursuant to this subsection are repaid, the principal and interest  
6 payments on the loans must be deposited in the coal severance tax permanent fund until all principal and interest  
7 have been repaid. The board and the authority shall calculate the amount of the interest charge. Individual loan  
8 amounts may not exceed 10% of the amount administered under this subsection.

9 (5) The board may make loans from the permanent coal tax trust fund to a city, town, county, or  
10 consolidated government to develop and maintain the infrastructure needed to expand rail passenger service.  
11 For the purposes of this subsection, infrastructure includes rolling stock.

12 (5)(6) The board shall adopt rules to allow a nonprofit corporation to apply for economic assistance. The  
13 rules must recognize that different criteria may be needed for nonprofit corporations than for for-profit  
14 corporations.

15 (6)(7) All repayments of proceeds pursuant to subsection (3) of investments made from the coal  
16 severance tax trust fund must be deposited in the coal severance tax permanent fund."

17 - END -